

**MINUTES OF THE
MARICOPA ASSOCIATION OF GOVERNMENTS
REGIONAL COUNCIL ANNUAL MEETING**

June 24, 1998
Hyatt Regency Hotel - Curtis Room
122 North 2nd Street
Phoenix, Arizona

MEMBERS ATTENDING

Mayor Elaine Scruggs, Glendale, Chairman	Mayor Wayne Brown, Mesa
Mayor Tom Morales, Avondale	Mayor Edward Lowry, Paradise Valley
*Mayor Dusty Hull, Buckeye	Vice Mayor Pat Dennis for Mayor John
Mayor Hugh Stevens, Carefree	Keegan, Peoria
*Mayor Tom Augherston, Cave Creek	Vice Mayor David Siebert for Mayor Skip
Mayor Jay Tibshraeny, Chandler	Rimsza, Phoenix
*Mayor Maggie Reese, El Mirage	Mayor Mark Schnepf, Queen Creek
Mayor Sharon Morgan, Fountain Hills	*President Ivan Makil, Salt River Pima-
Mayor Chuck Turner, Gila Bend	Maricopa Indian Community
*Governor Mary Thomas, Gila River Indian	Mayor Sam Campana, Scottsdale
Community	Mayor Joan Shafer, Surprise
Mayor Cynthia Dunham, Gilbert	Mayor Neil Giuliano, Tempe
Mayor Bill Arnold, Goodyear	Mayor Adolfo Gamez, Tolleson
*Mayor Frances Osuna, Guadalupe	Mayor Dallas Gant, Wickenburg
Mayor Colin Barleycorn, Litchfield Park	Mayor William Kosanovich, Youngtown
Supervisor Jan Brewer, Maricopa County	F. Rockne Arnett, ADOT
	*Chuck Coughlin, Citizens Transportation
	Oversight Committee

*Those members neither present nor represented by proxy.

1. Call to Order

The meeting of the Regional Council was called to order by Vice Chairman Neil Giuliano at 5:10 p.m.

Vice Chairman Giuliano welcomed four new members of the Regional Council and asked them to come forward and receive new member certificates as their names are announced. He introduced Mayor Sharon Morgan from the Town of Fountain Hills, Mayor Colin Barleycorn from the City of Litchfield Park, and Mayor Edward Lowry from the Town of Paradise Valley. He noted that Mayor Dusty Hull from the Town of Buckeye was unable to attend.

Vice Chairman Giuliano requested that Regional Council members introduce themselves.

Vice Chairman Giuliano announced that parking validation is available at our registration desk outside the ballroom for the Regency garage only. He said that the RPTA has generously agreed to provide transit tickets for individuals who use the bus to get to the Regional Council meeting. He stated that tickets are available following the meeting from Ken Driggs of the RPTA.

2. Pledge of Allegiance

3. Approval of May 27, 1998 Meeting Minutes

Mayor Chuck Turner moved, Mayor Mark Schnepf seconded, and it was unanimously carried to approve the May 27, 1998 meeting minutes.

4. Call to the Audience

Vice Chairman Giuliano noted that we have a timer to assist the public with their presentations, which have a three minute time limit. When two minutes have elapsed, the yellow light will come on notifying the speaker that they have one minute to sum up. He said that at the end of the three minute time period, the red light will come on. Members of the audience who wish to speak fill out a card and give it to the MAG staff who will bring it to the Chairman.

Vice Chairman Giuliano stated that public comment is provided at the beginning of the meeting for non-agenda items and for consent items. After hearing public comments, any member of the committee can request that an item be removed from the consent agenda and considered individually.

He indicated that for the action items on the agenda, public comment will be taken when the item is heard. Public comments are limited to three minutes.

Vice Chairman Giuliano noted that no public comment cards had been turned in.

5. Executive Director's Report

James M. Bourey thanked Vice Chairman Giuliano for the introduction and informed the Committee about the First Annual Desert Peaks Awards being conferred that night. Incumbent Mayors are participating by announcing the awards.

Mr. Bourey noted that 312 RSVPs had been received and a fun evening is anticipated. In the Regency Ballroom, a reception will take place from 6:00 p.m. to 7:00 p.m., dinner will be served from 7:00 p.m. to 8:00 p.m. The awards presentations will begin at 8:00 p.m., with Chairman Scruggs introducing members of the Regional Council, followed by her presentation of the State of the Region address. He said that after the address, Chairman Scruggs will hand the gavel to the new Chairman of the Regional Council, Mayor Neil Giuliano.

Mr. Bourey mentioned there are five categories of awards, Public-Private Partnership, Regional Partnership, Distinguished Service, Regional Excellence, and MAG Employee of the Year. He stated that the winners will not know the results until the envelope is opened.

Vice Chairman Giuliano thanked Mr. Bourey for his report and asked if there were any questions.

6. Approval of Consent Agenda

Vice Chairman Giuliano stated that agenda items number 7, 8, and 12 are listed on the consent agenda. He asked if any member wished to remove any consent item. No member responded.

Mayor Adolfo Gamez moved, Mayor Chuck Turner seconded, and it was unanimously carried to approve consent agenda items 7, 8, and 12.

9. Draft FY 1999 MAG Annual Financial Audit and Single Audit and Management Letter for the Fiscal Year Ended June 30, 1997

Vice Chairman Giuliano introduced Art Rullo, MAG staff, and John Hunter of Deloitte and Touche LLP. Mr. Rullo presented informational slides illustrating key points of the June 1997 Audit. Mr. Rullo stated that the public accounting firm of Deloitte and Touche LLP completed the audit for the fiscal year which ended June 30, 1997. An unqualified audit opinion was issued on April 29, 1998 on MAG's general purpose financial statements taken as a whole. He said the independent auditors' report on compliance with the requirements applicable to major federal award programs expressed an unqualified opinion on the Single Audit. Mr. Rullo noted that the Single Audit report indicated there were no material weaknesses, no instances of noncompliance considered to be material, and no questioned costs. The Single Audit report provided five procedural findings, aimed at improving MAG's financial management. These findings are not considered to be material. Mr. Rullo noted that during FY 1998, MAG has either resolved, or is in the process of addressing, each of these findings.

Mr. Rullo reported that a management letter was also issued under separate cover dated April 29, 1998. The letter provides thirteen recommendations to strengthen and improve areas of MAG's financial operations. He said there were no material weaknesses cited in the management letter. During FY 1998, MAG has either resolved, or is in the process of addressing, each of the management letter comments. Mr. Rullo stated that Financial Management System plans, Grant Administration plans, and an Employee Manual are in progress. He remarked that a Disaster Recovery plan, a Fixed Asset Policy and Procedures plan, an Expense Review and Analysis plan, and a Written Financial Policies and Procedures plan are pending.

Mr. Rullo commented that the audit was prepared using standards adopted by the Government Finance Officers Association. These standards were implemented to provide a higher level of financial reporting for MAG. With improvements expected in FY 1999, it is anticipated that the audit for the period ending June 30, 1998 will be completed by December 1998.

John Hunter stated that it has been a pleasure to work with Mr. Rullo and staff. He commented that a lot of information needs to be pulled together to complete the financial statements.

Vice Chairman Giuliano thanked Mr. Rullo and Mr. Hunter for their reports and asked if there were any questions.

Mayor Sam Campana asked for clarification on each speaker's name. Mr. Rullo identified himself as MAG Fiscal Services Manager and Mr. Hunter as the audit partner from Deloitte and Touche LLP.

Vice Chairman Giuliano recognized public comment from Dianne Barker. Ms. Barker stated that she neither supports nor opposes the June 1997 audit. She remarked that MAG is moving toward becoming a better organization. She said she objected to the internal policies and procedures. Ms. Barker commented that a previous audit had been done which stated that the scope of review was not large enough for consideration and hopes that this auditor will realize review is important. She stated that she would like to review the audit when she has the opportunity.

Vice Chairman Giuliano thanked Ms. Barker for her comments.

Mayor Joan Shafer moved, Mayor Chuck Turner seconded, and it was unanimously carried to accept the MAG Annual Audit for the year ended June 30, 1997.

10. Election of Officers

Mayor Giuliano recognized public comment from Blue Crowley. Mr. Crowley commented that the whole issue has not been addressed. It would take an act of God to change the chairman selection. The leadership we are getting will not cut it with the public. He said to Mayor Tibshraeny that with his leadership, the team would get the job done.

Mayor Wayne Brown moved, Mayor Campana seconded to elect Mayor Neil Giuliano, Tempe, Chairman; Mayor Skip Rimsza, Phoenix, Vice Chairman; Mayor John Keegan, Peoria, Treasurer; Mayor Jay Tibshraeny, Chandler, At-Large Member; and Mayor Elaine Scruggs, Glendale, Past Chairman, as members of the Executive Committee of the Regional Council. Before a vote was taken, Mayor Shafer asked if the Nominating Committee had reviewed the attendance records of the nominees. Mayor Brown, Chairman of the Nominating Committee, replied that the attendance records were reviewed by the Committee. He noted that no nominee had attended 100 percent of the meetings. Mayor Brown explained that attendance was discussed with the nominees, who pledged to attend or send a proxy to the meetings, since MAG Regional Council is an important function. Mayor Brown stated the Committee felt confident the nominees would perform their duty.

Mayor Shafer moved to separate the slate into separate votes. There was no second.

Vice Chairman Giuliano asked if there were any questions. Hearing none, the vote carried, with Mayor Shafer voting no.

11. Overview of the Transportation Equity Act for the 21st Century

Blue Crowley requested that it be placed in the record that public comment on agenda item number 11 was attempted, but not allowed. Vice Chairman Giuliano so noted. Adopted public comment process allows for comment on agenda items for action.

Chairman Scruggs introduced Mr. Bourey for an update on the Transportation Equity Act (TEA 21). Mr. Bourey stated that although there are a lot of unanswered questions on the bill and a technical corrections

bill is being considered by Congress, it is important to outline what we do know about the Transportation Equity Act. Mr. Bourey introduced John Farry, MAG staff, who formerly worked on ISTEA in Washington, DC.

Mr. Farry stated that in September 1996, the Regional Council signed the Arizona Progress Report and Position Paper to Guide the Reauthorization of ISTEA. On September 30, 1997, ISTEA authorization expired, but received a six month extension. In March and April 1998, Congress passed the ISTEA reauthorization bill. President Clinton signed the legislation on June 9, 1998.

Mr. Farry said Transportation funding increased 40 percent nationally. The authorized amount for transportation is \$217 billion, \$173 billion for freeways, \$41 billion for transit, and \$2.2 billion for safety.

Mr. Farry remarked that TEA 21 contains provisions to guarantee spending of \$167 billion for highways, \$36 billion for transit and \$2 billion for safety. He said that the annual average apportionment for Arizona will increase 57 percent from \$256 million to \$403 million over the next six years.

Mr. Farry noted that 20-30 states will benefit from the donor/donee position. Arizona is guaranteed to receive a 90.5 percent return on their gas tax contributions. The donor/donee position should be considered in the distribution of this increase in Arizona. Mr. Farry remarked that Arizona previously received an 82 percent return under ISTEA.

Mr. Farry noted that the bill includes specific high priority Arizona project authorizations such as \$10 million for US 93 Hoover Dam, \$7.5 million for I-19 in Nogales, \$750,000 for Area Service Highway in Yuma, \$11.25 million for Veterans Memorial Overpass in Tucson, \$31 million for highway/bridge projects, as well as an authorization for the fixed guideway project in Phoenix. Mr. Farry commented that of more than 1,800 projects in the bill, no roadway projects in Maricopa County are included.

Mr. Farry stated that final calculations for the MAG share of funding have not been determined. Early expectations had indicated an increase of between 50 and 60 percent. He noted that as analysis continued, these expectations were shown to be very optimistic. Mr. Farry stated that although the Surface Transportation Program (STP) was retained and funding levels increased, the suballocation for the Phoenix region may be less than it was under ISTEA. He noted that additional MAG funding opportunities may become available through welfare to work grants, ITS discretionary grants, and the potential of increased ADOT funding in the region.

Mr. Farry noted that 15 planning factors were reduced to seven general concepts that address economic vitality, safety and security, accessibility and mobility of people and freight, environment and conservation, interconnectivity of the modes, system management and operation, and preserving the existing system.

Mr. Farry remarked that the Arizona Progress Report and Position Paper report highlights retention of federal investment in transit and decision-making on a local level, maintaining flex funding, continued suballocation to Metropolitan Planning Organizations of \$200,000+, reemphasizes public involvement, encourages innovative financial solutions, recognizes maintenance of existing systems and trust fund revenues.

Mr. Farry designated action items for the Regional Council to contact the Congressional delegation and ADOT regarding the suballocation issue and the application of the donor/donee concept within the state.

Chairman Scruggs thanked Mr. Farry for his report and asked if there were any questions.

There being no further business, the meeting was adjourned at 6:00 p.m.

Chairman

Secretary